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**U.S. District Court
DISTRICT OF ARIZONA (Phoenix Division)
CIVIL DOCKET FOR CASE #: 2:07-cv-01968-FJM
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SOLICITOR

OCT 19 2007

U.S. PATENT & TRADEMARK OFFICE

United Services Automobile Association v. LPL Licensing,
L.L.C., et al
Assigned to: Judge Frederick J Martone
Cause: 35:271 Patent Infringement

Date Filed: 10/12/2007
Jury Demand: Plaintiff
Nature of Suit: 830 Patent
Jurisdiction: Federal Question

Plaintiff

**United Services Automobile
Association**
a reciprocal inter insurance exchange
also known as
USAA

**Pat. # 5,987,434
6,076,072
6,999,938**

represented by **Brett L Dunkelman**
Osborn Maledon PA
PO Box 36379
Phoenix, AZ 85012-6379
602-640-9000
Fax: 602640-6066
Email: bdunkelman@omlaw.com
LEAD ATTORNEY
ATTORNEY TO BE NOTICED

Jose J Patino
ATTORNEY TO BE NOTICED

Maureen Beyers
Osborn Maledon PA
2929 N Central Ave
Phoenix, AZ 85012-2794
602-640-9305
Fax: 602-664-2053
Email: mbeyers@omlaw.com
ATTORNEY TO BE NOTICED

Rachel Krevans
ATTORNEY TO BE NOTICED

V.

Defendant

LPL Licensing, L.L.C.
a Delaware Limited Liability Company

Defendant

Phoenix Licensing, L.L.C.
an Arizona Limited Liability Company

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CERTIFICATE OF SERVICE
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6 I hereby certify that on October 12, 2007, I electronically transmitted the
7 attached document to the Clerk's Office using the CM/ECF System for filing
8 and transmittal of a Notice of Electronic Filing to the CM/ECF registrants:
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Date Filed	#	Docket Text
10/12/2007	<u>①</u>	COMPLAINT. Filing fee received: \$ 350.00, receipt number 1500421, filed by United Services Automobile Association (USAA). (Attachments: # <u>1</u> Exhibit Exhibit A# <u>2</u> Exhibit Exhibit B# <u>3</u> Exhibit Exhibit C# <u>4</u> Civil Cover Sheet Civil Cover Sheet# <u>5</u> Summons Summons LPL Licensing, L.L.C.# <u>6</u> Summons Summons Phoenix Licensing, L.L.C.)(Dunkelman, Brett) (Entered: 10/12/2007)
10/12/2007	<u>②</u>	Corporate Disclosure Statement by United Services Automobile Association (USAA). (Dunkelman, Brett) (Entered: 10/12/2007)
10/12/2007	<u>③</u>	This case has been assigned to the Honorable Frederick J. Martone. All future pleadings or documents should bear the correct case number: CV 07-1968-PHX-FJM. (Entered by REK) (Entered: 10/15/2007)
10/12/2007	<u>③</u>	Notice re Magistrate Consent Form (REK) (Entered: 10/15/2007)

1 Brett L. Dunkelman, No. 006740
2 Maureen Beyers, No. 017134
OSBORN MALEDON PA
2 2929 North Central Avenue
3 Twenty-First Floor
Phoenix, Arizona 85012-2793
4 602.640.9313
Fax: 602.640.6066
5 bdunkelman@omlaw.com
mbevers@omlaw.com

6 Of Counsel:

7 Rachel Krevans (CA SBN 116421)
8 MORRISON & FOERSTER LLP
425 Market Street
9 San Francisco, California 94105-2482
415-268-7000

10 Jose L. Patiño (CA SBN 149568)
11 MORRISON & FOERSTER LLP
12 12531 High Bluff Drive, Suite 100
San Diego, California 92130-2040
858-720-5100

13 Attorneys for Plaintiff
14 United Services Automobile Association

15 UNITED STATES DISTRICT COURT
16 DISTRICT OF ARIZONA

18 United Services Automobile Association, a
19 reciprocal inter insurance exchange,

20 Plaintiff, No. _____

21 v. COMPLAINT FOR
22 LPL Licensing, L.L.C., a Delaware Limited DECLARATORY RELIEF
Liability Company; and Phoenix Licensing,
23 L.L.C., an Arizona Limited Liability
Company,

24 Defendant.

26 As and for its Complaint, Plaintiff United Services Automobile Association
27 ("Plaintiff" or "USAA") alleges as follows:
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PARTIES

1. USAA is a reciprocal inter insurance exchange organized and existing under the laws of Texas with its principal place of business located at 9800 Fredericksburg Road, San Antonio, Texas, 78265. USAA has significant operations located at 25500 Norterra Parkway, Phoenix, Arizona, 85027. USAA and its affiliates market and sell insurance and financial services and products.

2. On information and belief, Defendant LPL Licensing, L.L.C. ("LPL") is a Delaware limited liability company having a principal place of business at 10947 East Lillian Lane, Scottsdale, Arizona, 85255.

3. On information and belief, Defendant Phoenix Licensing, L.L.C. (“Phoenix”) is an Arizona limited liability company having a principal place of business at 10947 East Lillian Lane, Scottsdale, Arizona, 85255.

JURISDICTION

4. This is an action under the Federal Declaratory Judgments Act, 28 U.S.C. §§ 2201 and 2202, for a declaration pursuant to the patent laws of the United States, 35 U.S.C. § 1 *et seq.*, that U.S. Patent Nos. 5,987,434; 6,076,072; and 6,999,938 (“the patents-in-suit”) are not infringed by USAA or are invalid or both.

5. This Court has subject matter jurisdiction under 28 U.S.C. §§ 1331 (federal question) and 1338(a) (action arising under an Act of Congress relating to patents).

6. This Court has personal jurisdiction over Defendants because, on information and belief, both LPL and Phoenix have principal places of business in this district.

VENUE

7. Venue is proper under 28 U.S.C. §§ 1391 (b) and 1391(c), because *inter alia* both LPL and Phoenix reside in this venue.

GENERAL ALLEGATIONS

8. On information and belief, Phoenix is the assignee of the patents-in-suit; LPL has the exclusive right to license the patents-in-suit; and LPL at all times has acted in

1 concert with and/or with the approval of Phoenix. On information and belief, the patents-
2 in-suit are alleged to relate to apparatuses and methods for transacting, marketing, and
3 selling financial products.

4 9. Defendants have asserted that various USAA activities in offering and
5 marketing financial products and services infringe the following patents-in-suit:

6 (a) U.S. Patent No. 5,987,434 (the "434 Patent"), issued on November 16, 1999,
7 entitled "Apparatus and Method for Transacting Marketing and Sales of Financial
8 Products."

9 (b) U.S. Patent No. 6,076,072 (the "072 Patent"), issued on June 13, 2000, entitled
10 "Method and Apparatus for Preparing Client Communications Involving Financial
11 Products and Services."

12 (c) U.S. Patent No. 6,999,938 (the "938 Patent"), issued on February 14, 2006,
13 entitled "Automated Reply Generation Direct Marketing System."

14 10. True and correct copies of each of these patents are attached hereto as
15 Exhibits A through C.

16 11. On December 17, 2004, LPL sent Mr. Robert G. Davis, Chairman and Chief
17 Executive Officer of USAA correspondence alleging that USAA infringes multiple claims
18 of the '434 Patent. In the same correspondence, LPL alleged that USAA is infringing
19 claims of the '072 Patent. Also in the same correspondence, LPL indicated that there were
20 over 700 additional claims pending before the United States Patent and Trademark Office
21 (the "PTO") that LPL asserted also applied to USAA's business. Some of these pending
22 claims thereafter issued as part of the '938 Patent.

23 12. On June 20, 2005, the following LPL representatives met with USAA:
24 Mr. Richard Libman, the listed inventor on the three patents-in-suit; Mr. Tom Major, who
25 was believed to be the president of LPL; Mr. Todd Brown, who was the vice president and
26 believed to be acting CFO of LPL at the time; and (by phone) Mr. Mike Lee, a partner
27 with the law firm of Sterne, Kessler, Goldstein & Fox, PLLC in New York who was
28 representing LPL in licensing matters. During the meeting, LPL presented USAA with a

1 licensing proposal that would avoid litigation, and cover all of USAA's businesses.

2 Mr. Brown of LPL argued that this broad license was both necessary and prudent for
3 USAA based on the purported breadth and strength of LPL's issued patents and the many
4 pending claims before the PTO expected to issue in the near term.

5 13. Since the June 20, 2005 meeting through the present time, LPL has engaged
6 in multiple telephonic conversations with USAA regarding the patents-in-suit. During
7 these conversations, LPL has continuously asserted its belief in USAA's purported need
8 to license LPL's entire patent portfolio, including all three patents-in-suit.

9 14. On April 23, 2007, LPL's General Counsel, Shawn Diedrich, transmitted
10 correspondence to USAA entitled "Re: LPL Offer of License – USAA." Among other
11 things, LPL's in-house lawyer appended claim charts to his correspondence purporting to
12 demonstrate how USAA's activities meet claim 2 of the '434 Patent and claim 184 of the
13 '938 Patent.

14 15. On July 10, 2007, State Farm Mutual Automobile Insurance Company
15 ("State Farm") filed a complaint for declaratory judgment in this Court. *State Farm*
16 *Mutual Automobile Insurance Company v. LPL Licensing, L.L.C. et al*, No. 2:07-cv-
17 01329-MHM (D. Ariz. Jul. 10, 2007). This complaint asserted that State Farm did not
18 infringe the '434, '072, and '938 Patents (the patents-in-suit), and/or that these three
19 patents-in-suit are invalid.

20 16. On August 31, 2007, more than seven weeks after State Farm filed its
21 complaint for declaratory judgment in this Court, Defendants filed a complaint in the
22 Eastern District of Texas against USAA Federal Savings Bank, a subsidiary of USAA,
23 and against USAA Savings Bank, a subsidiary of USAA Federal Savings Bank
24 (collectively, the "USAA Entities"). *Phoenix Licensing, L.L.C. et al v. Chase Manhattan*
25 *Mortgage Corporation et al*, No. 2:07-cv-00387-TJW-CE (E.D. Tex. Aug. 31, 2007) (the
26 "Texas Action"). In the Texas Action, Defendants alleged that the USAA Entities
27 infringe the '434 and '938 Patents. Before attempting to serve the USAA Entities in the
28 Texas Action, representatives of Defendants contacted USAA to discuss USAA's

purported need to license Defendants' entire patent portfolio and indicated a continued interest in discussing such a license rather than proceed with the litigation. As of the filing of this Complaint for Declaratory Relief, Defendants have not yet served the USAA Entities in the Texas Action.

17. Plaintiff denies that it infringes any valid claim of the patents-in-suit.

18. In view of the facts and circumstances here, including: (1) LPL's assertions that USAA infringes the patents-in-suit, (2) LPL's demands that USAA pay royalties based upon identified activity of the USAA Entities, (3) LPL's filing of a patent infringement lawsuit against the USAA Entities; and (4) USAA's contention that it and its affiliates have the right to engage in the accused sales and marketing practices without a license, an actual and justiciable controversy exists between USAA and Defendants concerning whether USAA infringes any valid claim of Defendants' patents-in-suit. Plaintiff now seeks a declaratory judgment that it does not infringe the patents-in-suit and/or that the patents-in-suit are invalid.

FIRST CLAIM FOR RELIEF

PROSECUTION FOR REISSUE
(Declaratory Judgment of Non-infringement and Invalidity as to the '434 Patent)

19. Plaintiff incorporates by reference paragraphs 1 through 18 above as though fully set forth herein.

20. Plaintiff has not infringed and is not infringing, directly, indirectly, contributorily, by active inducement, or otherwise, any valid claim of the '434 Patent as properly construed.

21. Plaintiff cannot be liable for infringement of the '434 Patent because the claims are invalid under one or more provisions of 35 U.S.C. §§ 101, 102, 103, and/or 112.

SECOND CLAIM FOR RELIEF

(Declaratory Judgment of Non-infringement and Invalidity as to the '072 Patent)

22. Plaintiff incorporates by reference paragraphs 1 through 18 above as though fully set forth herein.

23. Plaintiff has not infringed and is not infringing, directly, indirectly, contributorily, by active inducement, or otherwise, any valid claim of the '072 Patent as properly construed.

24. Plaintiff cannot be liable for infringement of the '072 Patent because the claims are invalid under one or more provisions of 35 U.S.C. §§ 101, 102, 103, and/or 112.

THIRD CLAIM FOR RELIEF
(Declaratory Judgment of Non-infringement and Invalidity as to the '938 Patent)

25. Plaintiff incorporates by reference paragraphs 1 through 18 above as though fully set forth herein.

26. Plaintiff has not infringed and is not infringing, directly, indirectly, contributorily, by active inducement, or otherwise, any valid claim of the '938 Patent as properly construed.

27. Plaintiff cannot be liable for infringement of the '938 Patent because the claims are invalid under one or more provisions of 35 U.S.C. §§ 101, 102, 103, and/or 112.

DEMAND FOR JURY TRIAL

Pursuant to Federal Rule of Civil Procedure 38(b), Plaintiff hereby demands a trial by jury of all issues so triable in this action.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff prays for relief against Defendants as follows:

(a) For a declaration that Plaintiff does not infringe any valid claim of any of the three patents-in-suit;

(b) For a declaration that all claims of the three patents-in-suit are invalid;

(c) For a declaration that this is an exceptional case under 35 U.S.C. § 285 and for an award to Plaintiff of its attorneys' fees and expenses in connection with this action; and

(d) For such other and further relief as this Court may deem just and proper.

1 DATED this 12th day of October, 2007.
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3 OSBORN MALEDON, P.A.
4

5 By s/Brett L. Dunkelman
6 Brett L. Dunkelman
Maureen Beyers
2929 North Central Avenue
Post Office Box 36379
Phoenix, Arizona 85067-6379

7 Of Counsel:
8

9 Rachel Krevans
Jose L. Patiño
MORRISON & FOERSTER LLP
10 425 Market Street
San Francisco, California 94105-2482
11

12 Jose L. Patiño (CA SBN 149568)
MORRISON & FOERSTER LLP
12531 High Bluff Drive, Suite 100
San Diego, California 92130-2040
13

14 Attorneys for Plaintiff
15
16
17
18
19
20
21
22
23
24
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